



7 Wall Street, Concord, NH 03301
Phone: (603) 224-6669 | Fax: (603) 225-7425
www.communityloanfund.org

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Sheila C. Blair
Chairwoman, Federal Financial Institutions
Examination Council
Chairwoman, Federal Deposit Insurance
Corporation

John E. Bowman
Acting Director, Office of Thrift Supervision

Daniel Tarullo
Member, Board of Governors of the Federal
Reserve System

John C. Dugan
Chairman, Office of the Comptroller of the
Currency

Dear Members of the Federal Financial Institutions Examination Council:

I am writing to express the deep concern of the NH Community Loan Fund that potential changes in the regulatory framework implementing the Community Reinvestment Act could harm CRA-motivated investments by financial institutions in New Hampshire and Northern New England. Well-intentioned efforts to broaden the investment areas available to large banks may help other parts of the nation, but they carry the danger of inadvertently facilitating disinvestment in smaller projects typical of the Northern New England market and in the CDFI's that serve that market.

Bank investments account for roughly a quarter of the NH Community Loan Fund's capitalization. Approximately half of these investments comes from community banks; the other half comes from national or large regional banks. Moreover, almost two-thirds of our lending for multifamily housing developments is to projects that rely on equity investment from the Northern New England Housing Investment Fund. That fund provides more than half of the Low-Income Housing Tax Credit equity available to New Hampshire's nonprofit development sector. CRA obligations specific to New Hampshire and Maine drive these investments.

Because the current regulations place smaller, rural markets at a disadvantage, we support the intent of the proposed rule change. However, large bank investors acknowledge their overwhelming preference for larger projects in larger markets, undertaken by well-capitalized developers: precisely the projects that are not feasible in rural New Hampshire and Maine. We fear that absent some mechanism within the regulation *explicitly affirming an obligation to serve rural areas*, moving to regional assessment areas will result in these banks investing in fewer but larger projects, inevitably in metropolitan areas.

We urge you to ensure that LIHTC investments will continue to flow to smaller projects, typically in more rural markets.

Sincerely yours,

Juliana Eades
President